

REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION

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June 24, 2003

FROM: MICHAEL E. HAYS, DIRECTOR
LAND USE SERVICES DEPARTMENT

SUBJECT: PUBLIC HEARING TO CONSIDER AN UPDATE TO THE HOUSING ELEMENT
OF THE COUNTY GENERAL PLAN

RECOMMENDATION: CONDUCT a public hearing to consider the following proposed actions:

- A) **ADOPT** the Resolution updating the County Housing Element;
- B) **ADOPT** the findings as contained in the Resolution;
- C) **ADOPT** a Negative Declaration;
- D) **FILE** a Notice of Determination.

BACKGROUND INFORMATION: The state legislature has given local government the responsibility to ensure that suitable housing is available to all of its residents, while considering both economic and fiscal factors as well as community goals set forth in the General Plan. The fundamental goal of the Housing Element is to promote the provision of a wide variety of housing opportunities to meet the needs of all economic segments of the community.

The current Housing Element was adopted by the Board of Supervisors on December 14, 1993, and was certified by the State Department of Housing and Community Development (HCD) on December 30, 1993. The Housing Element is one of seven state-mandated elements of a General Plan. State law specifically requires that the Housing Element be updated every five years. However, this requirement was suspended during the mid 1990's due to a lack of state funding. State law also requires the following issues to be identified and addressed when updating an existing Housing Element:

1. Projection of regional housing needs for all economic segments of society;
2. Assessment of existing housing needs and an inventory of resources;
3. Assessment of the constraints on Housing Development;
4. Development of a 5year program of actions to achieve the goals and objectives of the element, through land use controls, regulatory incentives, financing/subsidy programs, and housing set aside funds of a redevelopment agency;
5. Quantification of objectives for construction, rehabilitation, and conservation of housing;
6. Preservation of assisted housing units at risk of converting to non low-income housing.

ANALYSIS: The state-mandated housing element topics identified above have all been addressed in this update to the County Housing Element 2000-2005 (hereinafter referred to as the Housing Element.) Some key issues related to the content and purpose of the Housing Element are discussed in the following sections of the staff report:

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Regional Housing Needs Assessment (RHNA)

In order to plan to meet housing needs over a given time frame, each housing element must contain an assessment of existing and projected housing needs for all income levels. Housing elements must be revised every five (5) years and cover a five (5) year planning period. The proposed Housing Element covers the planning period from 2000 through 2005. California State law prescribes a process for projecting statewide housing needs and determining how many new housing units should be planned for in each region of the state, and ultimately in each local jurisdiction, to meet the projected statewide need. This process is called the Regional Housing Needs Assessment (RHNA).

The Southern California Association of Governments (SCAG) is the Metropolitan Planning Organization (MPO) responsible for the RHNA process in Southern California. In 1999, SCAG published a Draft RHNA allocating a total regional housing need of 504,768 units (assigned by HCD) to local jurisdictions throughout the region. In this Draft RHNA, the allocation to San Bernardino County was 43,668 units, meaning that 43,668 new housing units should be constructed in the unincorporated area of the County by 2005. The RHNA allocation is a planning target, not a production mandate. However, the allocation of 43,668 units was excessive, not technically obtainable, and unacceptable to the County. Therefore, the County filed an appeal with SCAG on February 1, 2000.

The RHNA appeal process, described in detail in the staff report to the Planning Commission dated May 22, 2003, was lengthy and contentious. Finally, in November 2000, SCAG granted the appeals of the County and a few other jurisdictions and submitted the Final RHNA to HCD. The County's allocation was reduced from 43,668 to 16,211 units in the final RHNA. In December 2000, HCD rejected the Final RHNA and declared that, with a few minor exceptions, only those housing elements consistent with the 1999 Draft RHNA would be certified by HCD.

San Bernardino County, Riverside County, and the cities of Moreno Valley and Chino Hills (Inland Empire Plaintiffs) filed lawsuits against HCD and SCAG over the RHNA process. SCAG also filed a lawsuit against HCD. The main point of the lawsuits, which were consolidated by the Court, was that the Final RHNA allocations approved by SCAG through the appeal process should be honored. The Court granted most of the Inland Empire Petitioners causes of action. Although the Court did not command that HCD accept the Final RHNA, it did enjoin HCD from refusing to certify housing elements of the Inland Empire Petitioners based on their use of the Final RHNA.

Existing Housing Needs

Existing housing needs are addressed in Section 3 of the Housing Element. The need, or demand, for housing has been identified in the following four categories:

- Housing needs resulting from overcrowding - According to the U.S. Department of Housing and Urban Development (HUD), a household is considered to be overcrowded if there are more than 1.0 persons per room (excluding only bathrooms and hallways).
- Housing needs resulting when households are paying more than they can afford for housing - A household is considered to be overpaying if housing costs exceed 30% of the household monthly gross income.
- Housing needs of special needs groups such as the elderly, large families, female-headed households, households with a disabled person and the homeless - These groups often have more difficulty securing decent and affordable housing.

- Housing needs resulting from population growth, both in the County and the surrounding region. As the Inland Empire area continues to grow in population, the demand, or need for the existing housing stock will continue to increase.

Land Inventory

The key factor in providing adequate housing is the availability of developable land. Appendix A of the Housing Element contains an analysis of available vacant land zoned for residential development. Within the unincorporated area of the County, single dwelling units are permitted uses within the Resource Conservation (RC), Agriculture (AG), Rural Living (RL), Single Residential (RS), Multiple Residential (RM), Rural Commercial (CR) and Planned Development (PD). Multiple dwelling units are allowed in the RM, CR, and PD Land Use Districts subject to one of the following: Land Use Review (LUR), Department Review (DR), Conditional Use Permit (CUP) or Planned Development Review (PD). Currently, the unincorporated County has the development potential to accommodate up to 98,423 potential housing units (see Table A-2 on Page A-6). The Valley Region of the County, alone, could satisfy the entire RHNA of 16,211 housing units. The additional development potential in the desert, and to a far lesser extent, the mountains, provides more than enough developable land to meet the County's new housing requirements for the foreseeable future.

It should be noted that although the unincorporated area of the County contains ample vacant land suitable for residential development, there are many other factors to consider when projecting reasonable construction goals for a 5-year Housing Element planning period. This was addressed as an issue in the RHNA analysis.

Constraints on Housing Development

One of the requirements of the Housing Element is to analyze and present plans or programs to reduce constraints on housing development, particularly governmental constraints such as zoning limitations or cumbersome permit application procedures. The Housing Element highlights numerous development incentives and streamlined processes that the County has implemented to minimize governmental constraints. For example, to facilitate and expedite the development of affordable housing, the County has implemented an expedited process to approve multi-family housing, including mobilehome parks. The Department Review application procedure allows an applicant to go directly to each County department or non-County agency to obtain the specific conditions which will apply to their project. The Director of Land Use Services may approve the DR if a finding is made that the project complies with all applicable County development standards.

Additionally, housing development is facilitated through the fact that certain types of housing projects, in specific Land Use Districts, do not require planning approval. Within the Multiple Residential Land Use District, duplexes and triplexes are a permitted land use, meaning that planning approval is not required. Developers need only to go through the building permit process prior to construction. Furthermore, if the number of multi-family units being constructed is between four and twenty, or if a mobilehome park of less than 50 units is being constructed in a Multiple Residential Land Use District, the project may be eligible to utilize the DR application process if it is not controversial, as described above.

The County also offers a Housing Incentives Program (HIP), which is administered by Land Use Services. The HIP is used when an applicant voluntarily agrees to designate a fixed percentage of his rental or for-sale units as affordable for low-income persons, by capping the rental or sales price at no more than 30% of gross family income. In return, the developer is granted a 25% density bonus of living units above the Development Code Development Standards. The HIP

application is submitted and processed in conjunction with either a CUP, PD, or DR application in order to request the density bonus.

Program of Actions

In addition to the HIP, the County has other housing programs, the intent of which is to provide affordable housing throughout the County. These programs are identified in Section 6 of the Housing Element, and are funded primarily by HUD. HUD requires the County to submit a Consolidated Plan to detail the County's strategies and priority needs for its housing funds. This document is prepared by ECD once every five years, with annual updates.

So far during the update period of the Housing Element, various property repair and preservation programs administered by County Economic and Community Development (ECD) have rehabilitated or preserved over 9,500 existing low-income housing units. Since 1994, the HOME program has disbursed approximately \$17.2 million in HOME loans to help finance 33 construction projects for new rental housing throughout the County. These projects have produced 1,377 rental units countywide, 389 of which have been restricted as rentals for low or very-low income families.

Quantified Objectives

State law requires that each jurisdiction establish specific objectives for the number of housing units that will be constructed, rehabilitated, and preserved during the update period of the Housing Element. Section 7 of the Housing Element presents these objectives.

- New construction - Through the RHNA process, the number of housing units assigned to the unincorporated area of San Bernardino County is 16,211. Although the County will make every effort to achieve this goal, real estate market conditions can impact the County's ability to reach this goal.
- Preservation - During the update period of the Housing Element, over 9,500 existing housing units will be rehabilitated or preserved.
- Financial Assistance - The County anticipates assisting over 21,000 households through all of its financial assistance programs for low- and moderate-income households.

Preservation of Low-Income Housing

State law requires an analysis of government-assisted housing that is eligible to change from lower income housing to market rate housing during the next 10 years. Primary reasons that government-assisted housing might convert to market rate include expiring subsidies, mortgage prepayments, or expiration of affordability restrictions.

Appendix B of the Housing Element identifies a total of 160 at risk housing units within the unincorporated County or within incorporated cities that were funded through one of the County-sponsored financial assistance programs. There are various financial assistance programs in which the County participates to preserve low-income housing. Key programs include the federal Community Development Block Grant (CDBG) program, the Home Investment Partnership Act (HOME) program, and the Section 8 Rental Assistance program.

Public Involvement

State law requires that the general public be provided the opportunity to be involved in amending the General Plan. The same requirement applies to the Consolidated Plan for housing and community development programs.

In November 2000, public workshops were held at various locations throughout the County to obtain public input relative to the Housing Element. In addition, ECD conducts a Housing Needs Assessment each year as part of the update to the County Consolidated Plan. The Consolidated Plan is a required submittal to the U.S. Department of Housing and Urban Development (HUD) in order for the County to receive housing funds for the Home Investment Partnership Act (HOME) program.

The Planning Commission conducted a public workshop on the Housing Element at its meeting on April 24, 2003. On May 22, 2003, the Planning Commission conducted a second public hearing on the Housing Element and recommended the item to the Board of Supervisors for its adoption.

Environmental Determination

Staff recommends that a Negative Declaration be adopted for this proposal. An Initial Study has been prepared, and no potentially significant effects on the environment were identified. The Initial Study/Proposed Negative Declaration was distributed previously for public review and presented to the Planning Commission with the draft version of the Housing Element.

Approval Process

The process to approve the Housing Element is as follows:

1. The Planning Commission makes a recommendation to the Board of Supervisors to adopt the Housing Element.
2. The Board of Supervisors adopts the Housing Element.
3. The adopted Housing Element is then submitted to the State Department of Housing and Community Development for certification that the Element substantially complies with State law.

CONCLUSION:

Staff recommends adoption of the Housing Element, as it meets all requirements prescribed by State law. The draft version of the Housing Element was submitted to HCD for review on April 19, 2001. HCD responded to the County with a comment letter dated June 18, 2001. The draft document has been amended to address HCD's concerns, except for the RHNA issue. HCD has acknowledged that as of January 1, 2003, only 4,514 units have been produced in the unincorporated area of the County since the beginning of the RHNA planning period (1998). This is only 28% of the Final RHNA allocation of 16,211, proving that the Final RHNA is a much more realistic housing construction target for 2005 than the original Draft RHNA allocation of 43,668. Therefore, staff recommends that the Housing Element be adopted and submitted to HCD for certification as soon as possible.

FINDINGS:

1. The proposed Housing Element is in the public interest.
2. The proposed Housing Element does not conflict with the provisions of the County Code.
3. The proposed Housing Element does not conflict with the provisions of the County Development Code.
4. The proposed Housing Element substantially complies with the provisions of California Government Code Sections 65580 – 65589.8, including all content requirements and specified procedures. Consistent with the statewide housing goal of providing decent housing and a suitable living environment for every Californian, the Housing Element assesses existing and projected housing needs, identifies adequate sites to accommodate projected needs, and states goals, quantified objectives, and implementation plans to improve, preserve, and promote development of decent affordable housing for all income levels.
5. The proposed Housing Element will not have a significant adverse effect on the environment.
6. The Negative Declaration reflects the County's independent judgement and analysis.

REVIEW BY OTHERS: The Planning Commission conducted a public hearing and recommended approval of the proposed Update to the Housing Element on May 22, 2003. This item has been reviewed by Deputy County Counsel Robin Cochran on June 11, 2003, and by the County Administrative Office, Patricia M. Cole, Administrative Analyst III on June 16, 2003.

FINANCIAL IMPACT: There are no financial impacts associated with this item.

SUPERVISORIAL DISTRICT(S): All

PRESENTER: Randy Scott, Division Chief - Advance Planningz Division, 387-4147.